

## Closed Caption Log, Council Worksession, 7/23/08

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Good morning, there being a quorum present at this time I'll call to order this austin city council work session, this isn't a typical city council meeting. One item that we have posted is the presentation by the city manager and his team of the city of austin's proposed budget. Fiscal year 2008-2009. I apologize in advance i know that a couple of us, including me, I have a lunch commitment. I think we have allocated 5 hours to presents. I don't know that there will be a lot of discussion afterwards. I think it's probably pretty good practice for us to get all of the information. It will be a lot of information. And, you know, take as much time as we need to -- to, you know, to comprehend it. And I trust as parts of this presentation we will also talk about the schedule, you know, for the in depth presentations as well as public hearings that we will conduct mostly in the month of august. With that, I do of course want to welcome new councilmembers laura morrison, di shade joining us, with that I will turn it over to city manager mark ott.

Thank you mayor wynn, councilmembers. As we all know, there is a first-time for everything. Of course this is -- this is my first opportunity and indeed my privilege to -- to offer for your consideration the proposed budget for -- for fiscal year 2009. I might tell you at the start it feels like it's been a long journey getting to the point of being able to present to you our budget for the next fiscal year. Of course the process started, as you know, back in the spring and I tried to make it clear at that time that -- that I believe that the -- that the development of a governmental budget is obviously one of the most important undertakings in any organization, any organization can take. And I told you in the past that I believe that it could be a transparent and inclusive process. Involving obviously the city staff, but also this honorable body and the citizens that live in our city and -- and we have done a lot of things to try to live up to that standard. Certainly beginning in the spring with the work sessions that we put in place. That I understand was somewhat different in regard to the -- to the budget development processes that -- that the city has gone through in the past. Of course our purpose in doing that was to give this council the opportunity to have input into the development process. To hear from our various business executives, our daniel plante heads and -- in terms of the issues and challenges that they were dealing with in their departments and what they anticipated having to deal with. In the upcoming fiscal year. And so those were, I think, good and substantive presentations. The response that we got back from you, I think, was very beneficial as we -- as we set about the business after the work sessions to actually shape and development our final budget recommendation to you, which we're going to talk about today. Obviously, a lot of work on behalf of your city staff. And I certainly would be remiss if I didn't pause this morning to acknowledge them. I can't begin to tell you how much work they have put in. Obviously the work that

they do to get us to this point is unseen by most people , you know, probably unseen by you really and certainly unseen by the residents that live in our city. But I can tell you that their work ethic in regard to every day, but certainly in railroaded to putting together this -- in regard to putting together this budget recommendation for you has been tremendous, i want to specifically acknowledge our chief financial officer, laura, leslie browder and greg kinali who provided leadership for all of us throughout this budget development process. In addition to them, of course, my assistant city managers and chief of staff played major leadership roles in getting us to the point of having what I think is a very responsible and responsive budget recommendation for your consideration. And then, of course, there are the business executives, that's what I call them, otherwise known as the department heads. And their efforts to simply tremendous, really tremendous in a couple of different ways. You know that earlier in the year, we were -- we were confronted with -- with -- with shortfalls and -- in our revenue projections, particularly with respect to sales tax and it requires us to undertake measures to just tighten our belts so that we could -- like all of us tried to do, even on individual and personal basis, live within our means. So the department heads undertook an extraordinary effort to development departmental savings plans, many of which we implemented their suggestions, but ultimately resulted in using able to project that we expect to end the current fiscal year with a two million dollar, approximately, surplus in the general fund. Of course ending the year that way had some implications for the effort that we were undertaking relative to the 2009 budget proposal and in the sense that we had to close a 3 million budget gap in order to provide the budget for your consideration today. And once again, our department heads stood up and accepted the challenge and refined their -- their departmental savings plans and showed a whole lot of leadership in helping us figure out a way to close 3 million budget gap. So I say all of that to simply say and to communicate here today and publicly, just how proud i am of our financial team and department heads and all of the acm's, they have done an extraordinary job. I say that even before hearing your reaction to the budget recommendation that you are about to receive in some detail. I've provided you with, in advance of this presentation today, with copies of my transmittal letter. As well as the powerpoint presentation that you are going to receive here momentarily from -- from leslie and from greg and i did that because I wanted you to come to the meeting this morning already having some context again about what you were going to hear, hopefully giving you an opportunity to even formulate prior to this morning any questions that you might have. So this budget recommendation comes having had the benefit of your input, a lot of work by staff, and input from the citizens that live in our community. So while traditionally this is called the city manager's proposed budget recommendation, I tell you today that it is our proposed budget because we've all had a hand in shaping the recommendation that's before you today and in my opinion that is as it should be. So with that, mayor, with your permission, please, i would ask leslie to begin the powerpoint presentation.

Thank you, city manager. This -- if you can go to the first slide, please. Before we get into the budget proposal itself, i just wanted to quickly recap the process and the city manager has just done that. Our goal this year was really to breathe some new life into the process. We had the same, you know, process for a number of years and we think that it worked well, it worked very well for us and as greg takes you through the details of the budget, he will let you know where we incorporated your feedback that we got during the spring sessions as well. And just to reiterate what the city manager said, we would really like to thank all of the department heads. They put in a lot of work to really help us get this

budget put together and we really appreciate that. Just an overview of what we'll be talking about today, we are optimistic that austin's economy will continue to grow. But in a much more moderate pace than we have seen in the last couple of years. We heard a lot of this information from our economist, john hockenyos in april when we presented the five-year forecast and we still feel that that is a good outlook for next year. So we are optimistic and we think that we are reasonably -- it's reasonable to be so. We feel good about the general fund budget. It is balanced. The one that we are delivering to you today. It does reflect a tax rate that is slightly lower than 28 cents. Per \$100 of assessed valuation, that is compared to our current tax rate of 40.34 cents. The city manager mentioned the shortfall of 3 million that we were estimating when we really embarked into the details of the budget development and as part of the balancing process, we actually generated savings of about 6 million and greg will be walking you through the highlights of those savings plans when we cover the general fund. Our goal was to minimize any service delivery impacts to our customers, our community. Our residents and our citizens. So that was a goal that we juggled along with having to scale back on our estimated spending. And we were -- we were successful in not having to eliminate any positions. There were no layoffs. Although we will be holding some vacant positions open throughout the year. And then we also continued our investment in the workforce. There is funding in the 5% increase for all city employees, both uniformed and non-uniformed. And we will also increase the living wage, which is what our lowest paid employees actually earn as well. And continue the funding for the market studies that we have done in previous years. So that will continue. So overall, we are pleased at the balance that we were able to achieve. And if you will move to the next slide, this is just an outline of what we will be covering to you -- covering for you today. Greg will be walking you through how we close the gap, looking at the key elements of the savings plans. Then moving into 2009 we will cover the proposed employee pay and benefits package for you, give you some of the highlights that our general fund revenue projection. Then move on to a departmental overview where we will give you the highlights of the individual department budgets. And also look at the elements of the key savings plans that they developed. We will update you on the status of the general fund reserves, touch upon the supports and internal service funds, also cover the highlights of the operating budgets and the capital budgets for the enterprise funds and then close by recapping with our budget schedule and next steps. With that I will turn it over to greg.

Thank you, leslie. Before we start in earnest on going through the presentation, I just wanted to first, you know, show you our budget document. It's -- it's complete. And as we speak, this is being delivered to your offices several copies for you and your staff to look over. As well this will be posted on our website for the citizens to have and copies will also be delivered to our branch libraries for people who have access to -- I also just wanted to thank personally my staff, martinez and all of our budget staff as well as all of the finance staff throughout the city who worked very hard over the last several months to get to this point today. They deserve a lot of credit for what we have put together today. Where -- before getting into the department presentation, I think we wanted to get right to the issue of how we closed the general fund budget gap. As you recall in our last budget work session on june 4th, OUR PROJECTED REVENUE 7 million were not sufficient to cover our projected expenditure increases of \$48 million. Which left us at \$25.3 million gap. So to propose a balanced budget, we had to do the typical things that we do. Which is first of and you refine our revenue projections and our revenue estimates and then refine our expenditure projections and estimates that we had put together in the spring. And as we

talked about during those work sessions, we knew at that point that we were going to have to be looking at a savings goal, savings effort to get us there. And in doing that, you know certainly the -- the -- the direction from our city manager as we worked on that was to -- to get -- touch back on those things that leslie talked about, trying to minimize impacts to our citizens but at the same time trying to continue to investment in the workforce as we move forward in working on all of the services that we provide. Here on slide six we wanted to walk you through the data, numbers of how we closed the gap. Starting with the 3 million gap, started first with revenue, we ended up with an additional 7 million in revenue than we projected, property tax slightly down from the original projection, mainly due to a lower amount of new value on the tax rolls than we originally projected. Our transfer from austin energy, austin water utility increased, mainly due to the strong sales they've had in the last couple of months. Specifically austin energy, as their estimates increase, that recessed the transfer to the general fund. Nines were up, parking fines and traffic fines up, e.m.s. Also increased as we looked at current year trends and projected out to the following year. We ended up with an initial \$4.7 million. On the expenditure side, our refinement process that again we do every year resulted in a small decrease in our original projections of about \$400,000. That left us with a savings 2 million that we had to get to in order to balance the budget. What I wanted to do now, staying with how we closed the gap, walking through the savings plans, efforts globally, we will get into more -- one way of looking 2 million savings plan, look at it in 3 separate distinct pieces. First of all, nine general fund departments worked over the course of the spring to put savings plans together. To look at their services, where they could scale back again, hopefully not impacting service delivery. 8 million of savings over their original projections. There will be a slide for each department later in this presentation, we will walk you through those savings for each of the departments. Second, the general fund's share of support costs, internal service funds and other requirements we were able to reduce that or we did reduce that I should say 9 million over the original estimate. Mainly this was due to the savings efforts underway on support service fund and fund that are going on this year as will happen, will continue into next year. We are able to reduce our transfer though those funds next year. The enterprise funds also benefited from this savings efforts from these two funds as well, moving forward, they will -- they see a reassumption or flat cost of service as well. I wanted to bring to your attention where we scaled back, they warrant some notice here. In the forecast we had originally projected an increase of \$900,000. To the transportation fund to assist that fund's 's effort in street preventive maintenance. That \$900,000 increase is not included in the proposed budget. However, as part of the discussion that we had with council in the spring, we obviously know that's a critical area for the city. While that \$100,000 increase did not make it in, in essence the 2009 funding remains flat at 2008 levels of \$8.6 million. Leslie will spend time talking to you about the transportation fund, where our goals are for street preventive maintenance this upcoming year. This was a fund set up in THE LATE 90s TO HELP Augment funding for -- for social service agencies and contracts as well as the housing trust fund. The -- the -- the reduction of this transfer results in the discontinuation of -- of the transfer to housing trust fund. Since the inception, since this transfer has begun, 8 million has gone into the housing trust fund. Above the original plan, council's original plan back then of a \$4 million investment into the housing trust fund. Now moving forward the -- the housing funds available for next year are about \$48 million in total. Which is a slight increase over this current year. We were able to accelerate the bond appropriations for housing. Certainly our efforts on housing -- are -- are very important and -- and I know that -- that the -- that the director of housing is looking at ways to, if needed,

to -- to -- to reallocate within her funding sources to -- to get to restoring this one million dollars in funding into the housing trust fund again from her own -- from the existing sources and balances within all of the available funding sources in the housing programs. So that's something that she will be able to be talking about. In fact tomorrow the neighborhood housing department will be before the full council as ahfc to talk about their consolidated plan and the overall housing budget for this upcoming year. And then finally, the third area of savings that we were -- that we generated were really corporate in nature. Corporate decisions that we made in the consultation with -- with our directors and getting our input from our city manager and the direction from the city manager. As leslie mentioned, we were able to reduce our -- our paying benefits by -- by having a pay for performance 5% for all employees, this is lower 5% that we originally projected. Then also we have delayed the implementation of this until december. Typically it happens in october. With that, as well as some reduction and travel and training across the organization and a reduction in our awards and recognition program on the departmental award and recognition program will continue, able to reduce, help reduce our gap by an additional \$3.5 million. So again before getting to the department, I wanted to touch again on the investment that's we have made in our workforce and employees again. The people out there day in and day out, providing the services to our citizens. As leslie mentioned, we talked about employee based 5% based on a meets expectations for all employees in the organization. And this would be for december implementation. We continue the service incentive enhancement pay, this is the reduction from the current 2%. It's at 1%. Also a continue yaiftion the market study program now in place for several years where we have tried to assess the workforce at one third each year to make sure that we are in line with market costs to attract and recruit a talented workforce. Our health insurance costs went up 7% this year and what this allows us to do is to continue to fully fund employees' premiums, 100%. And this is lower than the 10% that we had originally estimated and this was a refinement that again saved us some money. The employees for spouses and departments will see their premiums going up 7%, less than the 6%, slightly lower than that. A continuation of the bilingual program in place now. Again we continue the departmental awards and recognition program, slightly scaled back, also a scaled back corporate program. Finally we are increasing the mileage reimbursement rate obviously for those employees who use their vehicles to conduct city business. The cost of fuel is imping them. So we will be increasing the 5 cents in line with the i.r.s. Guidelines that we have. Now I'm going to get some more into the general fund itself. We will start with the revenue side. The general fund has a proposed budget of \$60.7 million. 4 million increase over 2008. As you can see here, typically our four piece of the pie, property tax at 34%, \$209 million, sales tax at nearly 26%. \$160 Million, our utility 6% and all of our other revenue, fines, franchise fees, use fees, development fees, count for almost 21% of our general fund. Staying with our revenue, we will have a quick discussion on the property tax. As rest lee opened up this conversation -- as leslie opened up the conversation, we have a proposed tax rate of 40.28 cents. This is the roll back tax rate, this does represent a decrease from the current tax rate of 40.34 cents. This is based on 76.2 billion taxable value. 2% increase over current certified role. 7 is new value really where the city is able to generate additional revenue to help pay for ongoing costs. I want to note here that these are estimates right now. We do not have our certified tax roll. These estimates are based on conversations that we've had with the frame district and the chief appraiser over the course of the past three months. He's sick of calling me every week as we go through this effort. We feel comfortable with these projections that we have put forward again based on his input. But over the next

-- by the end of this year, early next week, we will have final certified rolls from the travis central appraisal district and the williamson central appraisal district. We will get that information in. Recalculate tax rates as needed. Recalculate any property tax revenue implications. As always we will get that information back out to the council as soon as we are able to get all of that information in. Obviously our property tax rate goes for two main sources, one into the o and m to pay for general fund 61 cents, that generates \$209 million in revenue in 2009 for the general fund. The debt service portion of 67 cents, again rates \$96 million, really to fund the requirements in our debt services for our general obligation -- general obligation debt as well as other tax supported debt. 67 cents includes the 2009 additional requirements of our 2006 bond program approximately one penny. 6 cents about a penny related to the additional requirements of our 2006 bond program. This is just -- this is a slide. I think that we've shown you before. This is -- this is looking at the city as a piece of all of the tax bills that our residents have. Just a reminder that the city is one of five taxing jurisdictions, you are looking at the current year overlapping property tax rate and bill. We do not yet have everyone else's proposed tax rates. As we get those we will update this chart, get that back out on the website. But basically the city's share of the tax rate is about 18%. City's share of the tax bill, 3400 tax bill is \$706 or 20% of the tax bill. Again we will be updating this as we get more information on tax rates for our other taxing entities. This is something that we have in our budget document. It shows you the relationship between our assessed valuation, a critical component of what the tax rate ends up being, as well as the tax rates over the last six years. As you can see here, austin city councils over time in the -- in the face of rising assessed valuation have decreased the tax rate to make sure that our taxes and our tax burden stays affordable. Ment now we are going to move across revenue, move on the other big piece of the -- of the revenue side, which is our sales tack. We spent some -- sales tax. We spent shh time looking at our -- some time looking at our sales tax in the spring. Obviously we talked about austin has a higher reliance on sales tax certainly compared to the other major tax cities. For this year, the current year that we're in, we budgeted sales tax growth of 7.6%. As we have been communicating to council since early in the year, those projections, actual sales tax collections are coming in below our budgeted amount. We are -- we are estimating that sales tax collections 2 million, which represents a 2% increase over 2007. So based on these current trends, as well as looking forward to next year and the overall outlook of the national economy, specifically looking at rising commodity costs, the cost of fuel, the cost of food, how that impacts consumer spending, we have budgeted what we believe is an appropriate growth rate of 3% for next year, which 8 million in revenue. Again we will obviously continue to monitor that, we think given the horizon looking forward nationally, austin is in a good place nationally, we need to go cognizant of what is happening on that side. Again just here's a chart that we had shown you before about our sales tax history, our growth rates moving forward in the last 20 years. As you can see, we've had high growth rates around 15 or 16%, low growth rates, negative of 16%, we think moving forward given the conditions this 3% growth rate is appropriate. Just wrapping up on revenue. We want to talk about the third piece, which is our transfers from utilities. I touched on that. Austin energy transfer will be \$95 million for 2009. 1% transfer rate. Austin water utility will be 5 million 2% transfer rate. Again this is their contribution as part of a -- in lieu of having franchise fee and their investment in the city and basically the taxpayers return on these publicly owned utilities. And interesting, reran some numbers looking back historically, this 6 percent of the total general fund revenue. This really is consistent in the last 10 years in terms of we are not overrelying on our utilities to help us with the general fund. Looking at the other

pieces of the revenue. Development revenue for this year is projected to be basically flat. As we talked about during the forecast, current year revenue is about a million dollars below, seeing a slight decrease in permits and applications and for next year we are basically projecting a very, very, very small increase over development revenue for a total of about \$18.6 million. Additionally, we were -- we did look at fees across the organization and while there were no wholesale changes to fees, where appropriate we did look at -- we did look at increasing fees to recover the cost of fuel and utilities. For example, if you are renting a ball field and the lights need to stay on, we want to make sure we at least can cover the costs of keeping those lights on. It's not an effort to make money, but it's an effort to cover the costs associated with those. Now the other side of our ledger, which is looking at -- should we change it? Let's move on to the expenditure side. Similar pie chart. General fund expenditures match revenue of 620.7 million. This is an increase from 2008. 8% increase over 2008. Est general fund increase in the last five years, 4.8% increase. Listed here are each of the departments and their percentage of their share of the overall \$620 million, all of the general fund departments as well as our transfers and our other requirements that we have talked about. So before heading on into going through a department by department look at our general fund, first we wanted to -- we thought it would be good to show you 4 million in expenditure increases occurred and in doing so also compare that to the \$48 million increases that we had projected in the forecast back in -- in May and June. Using basically the same categories that we had shown you in June, personnel, other departmental costs and transfers. Personnel costs will be going up \$13.4 million. 6 million less than projected. Mainly again due to the savings plan efforts that we have put in place represented to our pfp amount and timing as well as refinements that obviously happen to all of the many, many line items within a budget. Our other departmental costs they went up \$12.9 million. 9 million lower than our original projections, this is mainly due to refinements to the refinement process that we went through in scrubbing the original nam projections. -- Original projections. Transfers and other requirements will go going 2 million, a significant decrease compared to what we had in the forecast. Really is a result of those fund level decisions, corporate wide savings efforts that we made in relation to our support services funds, our ctm fund, as well as other funds. Additionally refinements in there as well. As we refined those numbers we were able to generate savings there as well. With that I will now move on to walking you through each of the general fund departments. Using police as an example, we are going to walk you through what the overall budget is, highlight what will be what that overall budget will be used on. Try to highlight some of the key areas, at the same time we will also highlight the savings plans that are in place that the directors worked on over the course with their staff over the course of the last several months. We wanted to certainly point those out. Our police department will have a budget of \$233.2 million. Included in that they will be adding 24 new officers to address population growth. It includes pay increases. Benefits at the same level for all of the employees in the police department. It also funds the completely funds the department wide restructuring that actually took place this year that the chief of police put in place this year to make sure that he had the funding available to continue that restructuring effort, those funds are in the budget. We're also replacing a universal hiring fund grant. Over the past 10 years we've had grant resources, old cops grant dollars completely gone. To make up the close of that grant revenue going away, we added in \$600,000 to the budget. We are now off of that cops grant. There is no more grant supported -- cops grant supported police officers. We also increased as we have talked about during the forecast and Leslie will get into more detail at the end, the higher cost of fuel, obviously

our police department uses lots of fuel and we have increased their 6 million 7 million to fuel to make sure that they are adequately funded to make sure that they can cover the cost of their fuel. This also replaces 61 police sedans per the replacement schedule. On the savings side, the department was able to reduce overtime by 2 million and really this is due to the -- to the restructuring effort and the chief's effort on staffing, having a more efficient staffing policy. This current year. And he's able to generate savings, savings for the general fund. We will also be increasing the reimbursed overtime rate. When police officers go out and work on assignment and the city gets reimbursed from that. That rate has not increased for 40 years, it has not kept up with the cost of police officer salaries and overtime rates. This gets this more true up and part of that will generate \$450,000 in reimbursements. The police department also offered up eliminating a vacant commander position. This will leave the city with 21 commander positions. This is actually higher than where we began in the beginning of the year. There was 19 to start the year. Part of the restructuring. They took them up to 22. There's a vacant one right now. The chief feels that he thinks 21 is a sustainable commander amount of commander positions. Then finally we will have deferred lease expenses for a facility that will not be open until the following. Not be moving in until fiscal year 10. On the fire department, the fire department we have -- we have -- we have must be my Philly accent. [Laughter] the fire department has a budget of 121.3. This includes current staffing levels. It increases benefits, benefits at same level for all employees. Continues funding for our firefighter protective gear. Approximately \$500,000 in there to continue purchasing bunker gear and materials for the firefighters and like the police department fire department has a -- increase the budget for that amount. Five fire apparatus replaced per replacement schedule. On the savings side, the department will be able to increase vacancy savings by a small amount of \$200,000, really just a true up based on current trends and vacation cans. The department will -- vacancies. The department will be able to generate savings of about \$350,000 due to cadet class savings. Really, what this is, this is an effort for the next two cadet classes, the department will be able to sync up both the timing and the size of those classes to generate savings. This is directly due to the newest fire station that we will be building, Avery Ranch fire station, this project is slightly behind schedule. It was originally planned to be open in the spring or summer of 2009. The land acquisition process took longer than expected. Staff is completing design right now, we expect it will be complete by the end of 2009. Due to that the department is able to restructure the timing of the cadet class. This is a typical practice that the fire department does in terms of getting their cadets on board. Part of that will value \$350,000 in savings. Then the department will be able to reduce contractual costs to the tune of \$300,000. has a budget of 144 million. Continues funding for the peak roving units that we have added in the last two years to address high call volumes. We added \$640,000 into the budget for just the increased costs and additional supplies for medical supplies and equipment. Also additional fuel replace 7 ambulances. Also we have continued funding for communication staff to help with the dispatching of our paramedics. On the savings side, the department will be able to generate \$600,000 of vacancy savings. Right now they actually have a budget of 0. This really is a trueup based on the trends of where they are in vacancies. Moving forward their vacancies are about 30 paramedics, historically somewhat low for them. In the last two years budget they had additional recruiting effort put in there. For 2009 there is no planned cadet program in 2009. This is not an elimination, they will just not be utilizing -- it will be in place in future years as they need to train and bring up their own paramedics. Public safety in emergency management, the highlight here is that we have included in this budget of 7 million the full consolidation



of peace officers as part of the austin police department is that as that arrangement comes before council in the summer. Also convert the office of emergency management out of this department back into management services, actually where it was prior to the creation of this department. Looking at our municipal court budget, it's 9 million, we continue to fully fund our municipal court, our downtown court as well as the two satellite courts and the downtown austin community court operations it is it -- it does continue the funding for the project recovery of [indiscernible], I think our work discussions in the spring, staff will spend time gathering performance data, assessing the program, will come back to council with an updated status report of that program during that fiscal year in advance of next year's budget. And then finally we do continue the funding for resources added in 2008. For -- for handling the increased volumes. 's last year as well as the graffiti abatement that we added to go out and do cleanups. On the savings side, the collection costs are going to-- we are going to be able \$275,000 due to collection costs, the department will be able to save \$64,000 elsewhere in their budgets on materials and supplies. Health and human services budget \$39.5 million. Approximately 18 million of this are investment in social service agencies and this budget does include a 5% increase for the social service agencies, to the tune of about \$400,000. Now, of course as part of the discussion that we had, the feedback that council gave us during the work sessions in the spring, staff has already begun effort of transitioning our social services to a -- to a performance based program and I know that both staff and the council subcommittee's will be working on this issue over the upcoming year. As we move for 2010 we will have a different arrangement in place for funding of these agencies. We also include the -- the increased cost associated with the -- with the operating the arch, that's a contract. As well as the women and children's shelter. We increase funding for spay and neuter clinics, also added admin support for food handler program, this will be a new program that will basically goes out and does classes for all of the people out in the restaurant business that are working on -- that are handling food. And then we also continue the funding in 2008 for graffiti abatement, that remains in place as well as food inspections. We added two food inspectors last year, they remain in the budget. On the savings side, the department will freeze vacant admin position related to records, entry and records management. Bilingual pay program is just costing less than expected for the health department so there's \$40,000 in savings again. This is not a reduction of that program, it's really just a trueup so what they are experiencing with their staff. They will reduce their materials and supplies by \$33,000. And they will be continuing their pilot program but they will be using grant funds to help fund that. Parks and recreation department has a budget of \$35.8 million. On the highlights side this includes funding for -- for new and renovated facilities including the austin tenants center finishing up the dickinson museum due to be complete in 2009. Also additional maintenance for great streets, cesar chavez, under constructionment be finished here shortly, also the parks department added money to the tune of \$250,000 for their increased fuel costs for all of their driving around to all of the parks that they have. Then I wanted to highlight an issue here on the capital budget. We have included 5 million in -- in debt for zilker park improvements. This will be mostly funded for the contribution from the austin city limits festival that comes to our city each year. I know that the department and the city has a good working relationship with that organization and that event. And I know that they know that it's important to invest in the park and so -- so over time instead of doing this in drips and drabs, the department recommendation is to get in and do the improvements in both irrigation and getting the turf out there up to speed for not only acl, but for the whole -- for year round. That's an effort that will begin this fall. On the savings side, the parks department will be freezing 24 positions. To

put that in context, as a part of this year's savings plan is that we have in place, they are freezing 14 positions. So while we don't expect any major impact to service delivery, we can expect there may be some minimal slippage perhaps on mowing or parks maintenance or cleanup, we will certainly continue to assess that moving forward. Like this year they will continue to look at making sure that they are appropriately utilizing their special revenue funds that they get in where people give them donations for specific causes, they will use those funds wisely. They will also look at their contractuals and commodities of \$323,000. Really this is for tools and equipment and supplies for our rec centers, they will be taking -- they will be lowering that amount by 323,000. Moving on to the library department. Library has a proposed budget of \$24.9 million. I wanted to talk about this highlight in depth here. The hieb breaker department has recommended -- the library department has recommended improving their safety, cleanliness and quality of the branch libraries. To do that they are reallocating \$420,000 of funding within their department to add seven f.t.e.'s. For security, custodial and maintenance. As well as an additional \$100,000, included in that \$420,000 is \$100,000 for additional books. And this funding will be generated by closing all branch libraries one day per week and this will work as it has in the past. The closures will alternate between thursdays and fridays and library locations will be paired next to each other so as to minimize the impact of our impact on library customers. I think this effort here, this proposal really stemmed from the -- the new process that we had. I know that we have talked about the external process that we had, the change in the process that we had with the city council, but also the sirm's new process internally where -- city manager's new process where he really challenged the directors to look at ways to address the needs they needed to address and come to the table with solutions. The library department did do that. They looked at this and realized two things. That our library system, branches, employee safety was a concern. As well as the overall experience of our library customers was a concern as we saw kind of degradation in the appearance and safety in our libraries. To address that, again is what what came out of this new process was a different way of looking at it, to really make an investment in quality over quantity. That's what you see here with this reinvestment.

Mayor, if I may just canales comments.

If you recall when our library director was before you in the spring during the work session, she mentioned this and talked about how, you know, her employees actually on a day-to-day basis feel unsafe at work. In the course of the work day. And then of course she talked about the conditions within some of our district libraries, she didn't just say that they were junkie or messy, the term that she used was unsanitary. That's a strong term. I think that I underscore, you know, her remarks by saying to you, we have 12,000 employees, in my opinion none of them should have to work under those conditions. None of us would want to have to work under those conditions. So I wanted to say that to underscore the commitment that our library director brenda branch is making in terms of proposing to reallocate some of her resources for what I think is a very important purpose and I support it.

Continuing on with library, we also will be preserving the funding we added in last year's budget for library books and materials. No cuts on that side. Savings they will reduce employee travel and training, freezing one vacate purchasing position, also part of that reducing their periodicals budget, mostly due to the fact that they have told us that they think more of those periodicals are available online, it does

allow them to reduce some costs. Looking at our watershed protection and development review department, it's a \$16 million budget. It does completely fund our one stop shop for development services. Most importantly, it does preserve the funding we put in place last year to increase, to add -- to address increased workload. Last year for the current year I should say, we added 13 f.t.e.'s, \$500,000. Moving forward, the savings, the department will look at managing their vacancies as they come open without really impacting work slippage and as again permits are slightly decreasing, this is an effort that I think can be taken without impacting services. They will be reducing one barricade crew for downtown event management, but still ' in place to implement the downtown event management plan that is underway. They will also reduce spending on their supplies throughout their organization. And then also they will -- they will be working on, they have staff that will be working on austin utility projects. As such the utility will be funding those efforts. Then finally, the neighborhood and planning and zoning department has a 5 million budget, it's the smallest department in our general fund. The -- one of the areas here that we wanted to highlight was -- was the [indiscernible] positions. Last year's budget we added four positions, after the current year savings effort though positions have remained vacant to make sure that we could begin live within our means this year. But moving forward both the city manager and the director of the department were -- were clear that they wanted to at least include partial of this -- of this funding to ensure that this program can remain in place. So that effect we have funded two neighborhood ombudsman positions to enhance neighborhood planning capabilities, they will be funding in the general fund for ongoing reasons. On the -- also wanted to highlight here we have included funding for a new comprehensive plan. Both city manager and -- and greg guernsey talked about this in the spring. This would replace our 27-year-old austin tomorrow plan. Funding in the budget to start that effort and we know that will be a long effort, a lot of citizen input that the staff will begin working on as soon as they can. We also include the remaining funding for the downtown master plan for phase 2. This will allow them to start looking at district specific plans, some of the district specific plans as well as the downtown parks plan. There's also funding in there for an additional station area plan and to fully fund the regional membership that the city is a part of. On the savings side, this -- this neighborhood planning will actually save money by using some project c.i.p. Capital project budgets to charge staff time to. So this is certainly not a structural change but does allow us for the next two years to reduce general fund costs. Finally they will reduce costs for the materials throughout the department, supplies to the tune of \$45,000. So that takes us through our general fund departments. The 10 general fund departments that we have. Now before going on and looking at our internal funds as well as our enterprise funds, we wanted to quickly touch on our general fund reserves. As we've been before to talk you through this, the city has three reserve funds. First one is a contingency fund of 1%, this is approximately 1% of our general fund operating needs. We had emergency reserve of \$40 million. Together these two funds really make up what we would call our hard reserves. \$46 Million. Then finally we have a budget stabilization reserve fund that will end 2009 at \$20.9 million. So we have total reserves of nearly \$67 million. These are all per financial policies that we have in place relating to general fund reserves. On the use of the stabilization reserve fund we expect to have -- begin 4 million and we are proposing to 5 million of that per the financial policies and let me walk you through how we would propose spending that \$10.5 million. I want to first say none of this is -- none of the capital needs are ongoing capital needs. They are year in year out needs that we assess. \$6 Million are for vehicles, we have touched on these already. Basically to replace police sedans, fire apparatus, as well as seven

ambulances, this will help our e.m.s. Make sure that their units are in service as long as they can be. We are also getting 12 new police sedans. We continue our investment replacements to the tune of \$600,000. And then we have 4 million for departmental needs that we see year in, year out. A flashover chamber for the fire department, rescue , cardiac monitors, bullet proof vests for the police officers, pool equipment and animal shelter equipment. Again these are kind of one-time items that we fund each year out of this fund. Finally there is a 5 million for the city's contribution to ers retirement contribution per council policy. Our goal is moving forward is -- in the upcoming budgets that this would become -- we would not rely on this reserve fund to pay this amount, but we would move it over into the general fund to treat it as an ongoing cost, which it is. With that I will turn it over to leslie to continue the presentation.

What we will do next is walk you through the internal services funds for the city. The first fund being support services. Thank you. Support services is our largest internal service fund. Their proposed budget for next year is about \$67 million. This fund does provide the central support services for the city. The largest functions include financial services, human resources in the law department. But we also have -- have mayor and council budgeted in this fund, city manager and city clerk.

[Indiscernible]

in terms of the savings plans that -- that greg talked about earlier, that -- that helped us to balance the general fund budget because the general fund does make contributions to these support services funds, we are doing a combination of holding vacant positions open during the year, holding those open in the city manager's office, the financial services department, the law department and the human resources department. And then we are making other spending reductions as well. Like many of the other departments, contractual services, materials and supplies, and in the areas of travel and training. You will probably recall that in the last couple of years we have been gradually adding some positions back to support services to make sure that we have the adequate internal control systems in place. And we were able to preserve the funding for those positions that were added in 2008. On to information technology. The 2009 budget for information technology funds, the maintenance of our software and hardware systems and it does also include additional funding for the most critical capital upgrades and replacements that we need to really maintain all of our equipment in good working order. The focus in 2009 on the side is to -- to really just focus on completing and making a lot of progress on our existing projects. And one of those, of course, that was started I believe last year, the website redesign work will continue on that project. Another thing that we are looking at doing this year, probably we will kick it off in the early fall after we have -- after we have gotten budget development under our belts, is an overall project review. This is considered a -- best world and basically what we will do is involve a number of people across the city looking at what our technology needs are, what our expected funding is, and really just kind of doing overall priorities assessment based on what we expect to be able to generate in terms of funding. So we have that in -- in our plan. Fleet services, another internal service fund, which this has been in everybody's mind lately, their proposed budget due to the higher fuel prices, their proposed 7 million for next year, we have started examining efforts to -- to promote fuel conservation right now and that will continue into the new year. We just brought on a new fleet officer, jerry calk, comes to us from the city of kansas city, he had ha a lot of energy, a lot of knowledge, he's really

excited about the austin climate protection plan and -- and being -- being able to be a part of that. He there a lot of experience in converting to a little active fleets. We will really be tapping his knowledge and -- and -- and his boundless energy that I have found since -- since we have hired him as we go through this process. So -- of getting our fuel under control in terms of costs. [One moment please for change in captioners] Department and the human resources department. And then we are making other spending reductions as well. Like many of the other departments, contractual services, materials and supplies, and in the areas of travel and training. You will probably recall that in the last couple of years we have been gradually adding some positions back to support services to make sure that we have the adequate internal control systems in place. And we were able to preserve the funding for those positions that were added in 2008. On to information technology. The 2009 budget for information technology funds, the maintenance of our software and hardware systems and it does also include additional funding for the most critical capital upgrades and replacements that we need to really maintain all of our equipment in good working order. The focus in 2009 on the side is to -- to really just focus on completing and making a lot of progress on our existing projects. And one of those, of course, that was started I believe last year, the website redesign work will continue on that project. Another thing that we are looking at doing this year, probably we will kick it off in the early fall after we have -- after we have gotten budget development under our belts, is an overall project review. This is considered a -- best world and basically what we will do is involve a number of people across the city looking at what our technology needs are, what our expected funding is, and really just kind of doing overall priorities assessment based on what we expect to be able to generate in terms of funding. So we have that in -- in our [00:02:01] plan. Fleet services, another internal service fund, which this has been in everybody's mind lately, their proposed budget due to the higher fuel prices, their proposed 7 million for next year, we have started examining efforts to -- to promote fuel conservation right now and that will continue into the new year. We just brought on a new fleet officer, jerry calk, comes to us from the city of kansas city, he had ha a lot of energy, a lot of knowledge, he's really excited about the austin climate protection plan and -- and being -- being able to be a part of that. He there a lot of experience in converting to a little active fleets. We will really be tapping his knowledge and -- and -- and his boundless energy that I have found since -- since we have hired him as we go through this process. So -- of getting our fuel under control in terms of costs. [One moment please for change in captioners] [00:04:01]

the new employees that they are proposing is really across the organization related to customer demand in various areas, and then they have some technology improvements they want to make next year to their customer information system and their automatic meter reading infrastructure. On the capital side, their five-year capital plan totals one billion. They plan to spend about \$347 million of that next year. And again, the projects will just support power production and delivery of energy services across their customer base. The water utility does have an increase proposed -- a rate increase proposed in their budget. And on a combined basis, based on a customer who uses about 8500 gallons of water each month and about 5,000 gallons of wastewater 25 to their monthly bill. And this is part of a larger, longer range rate plan that they have had in place to smooth out the rate impact for the customers and avoid, you know, spikes throughout the period. So that is -- I believe we are in the fourth year of that five-year plan. They are proposing some new resources as well to help with water

conservation, to continue implementation of the recommendations of the water conservation taskforce, additional engineering support, long range water supply and a number of other initiatives. Their five-year capital projects are estimated at 1.5 billion. There are a variety of needs. A lot of that is -- a variety of needs. A lot of that is aimed at rehabilitating their aging infrastructure and of course growth that they have experienced over recent years. [00:06:01] The drainage utility, there is no rate increase planned in 2009 for the drainage utility. They are looking at doing a fee study, however, to think beyond next year and develop a long range strategy to fund the projects that are included in their drainage master plan. And the goal there is currently the general fund provides -- well, through the property tax rate we actually fund -- we're planning to fund through the 2006 bond program \$95 million in drainage projects, and that's supported by our tax dollars. The goal in looking at a long range master plan for the water utility is to gradually wean away from that and become a self-supporting utility enterprise if possible. So that is looking a little beyond 2009. The projects that they will be focusing on on the capital side this year relate to erosion control, flood control and water quality protection. Solid waste services, as we've mentioned to council during the last two five-year forecasts, solid waste services will need a rate increase in 2009 to cover their cost of service. They are continuing to favor a fee structure that encourages recycling, and just as a reminder, there has been no increase in this program since 1997 so we've had almost two 12 years with flat fees there. What we are proposing is -- these are just as you see on the slide, this is what your monthly bill would increase by if you had a 30-gallon cart, it would go up by \$4.40. And this is a trash cart. [00:08:00] 60-Gallon, by \$6.15. 90-Gallon by \$6.90. On the capital side, solid waste is not proposing any new appropriations, but they too will be looking at a master plan, probably to begin work in 2009. And what this will accomplish is a long range outlook of their operating and capital costs and needs associated with the zero waste initiative. Public works, the transportation fund, we will be coming back to you in august with additional briefings, including additional briefings on the transportation fund. As greg mentioned, we did talk about this a lot during the spring work sessions. The general fund currently 6 million in funding for preventive street maintenance. That is the same funding level as we have currently in 2008, and this is also proposed for 2009. And it was a difficult -- again, we had to weigh our funding versus our needs, and we felt that this would preserve what we were doing currently at least in terms of absolute dollars and weight against our fiscal constraints in 2009. Of course, increased costs in doing the maintenance will impact the amount of lane miles that we maintain. Currently we are estimating that we will maintain 5 percent of the lane miles, and with the increased cost in the cost of maintaining, that will slip somewhat to 8 percent we're estimating in 2009. We will continue to look at that, see if there are any strategies that we can implement to improve that and continue to talk to council and keep you updated [00:10:01] as we go forward, but that is one of the impacts of balancing our budget this year. Then on the capital side, what we've listed here for you is all of the funding from the 2000 bond program and the 2006 bond program for street improvements, street reconstruction, signals, sidewalks, bikeways, traffic calming and parking meters. So it is a significant investment in the transportation infrastructure for next year. The airport, the highlights here I think primarily are really in the cip program. They are proposing the investment of \$72 million for the expansion of their overnight aircraft parking apron. They are also proposing \$14 million for provide signage improvements, 15 million in telecom improvements in the terminal and around the other airport areas as well and \$10 million for security upgrades. And then of course their long range plans beyond 2009 include eventually looking at expanding the terminal and the number of gates. And their proposed

budget is 78.5 million.

> The convention center, in addition to the revenue that's generated by the operation of that facility, out of the nine cents in hotel occupancy taxes that we currently have in place in austin, the convention center gets about half of that and they use that for operations as well as for investing in the facility. [00:12:00] They have projected about two percent in the occupancy tax. You can see it go up and down over the years. It has really increased strongly over the past couple of years. And what we're seeing there so far this year is a little bit of moderation as well. So we think two percent is a conservative and good approach to take there. In addition to the austin convention center, they work closely with the austin convention and visitor bureau to promote tourism and to get conventions booked in austin. And one of the things that we have been discussing in the spring is talking to the austin convention and visitors bureau about potentially funding some historic preservation studies and assessments of our downtown buildings in the convention center area. And they will be coming to you in august to present their proposed budget and talk about this in a little more depth. They have included \$275,000, and they are looking at an evaluation of the (indiscernible) house, the susana dick enson house is in the 2006 bond program.

> And then on the capital side, the convention center will be contributing about \$11 million to the capital improvements program. And they are planning to begin some investing in the facility. There have not been a lot of improvements there since it opened. And they just started doing that this year by working on the roof and doing some chiller improvements. So next year they're continue to go focus just with -- continuing to focus just on general repairs and renovation. And one of the ideas they have included in their proposed capital plan is a retrofit and redesign of the [00:14:00] trinity street entrance. And they view this as becoming a hub for the conventioners. There would be a lot of the services that you would typically seek when you come to the convention center, food and beverage, business services, gift shops, that sort of thing. And then to close up, we just wanted to give you a few slides for -- that just really look at the city as a whole. Last year we proposed a 5 billion. This year we are proposing all city funds of 2-point 8 billion. A lot of that growth of course is related to our largest component, austin energy. And then we talked a lot about the personnel additions that we are proposing in this budget. You can see that we currently have a workforce of about 12,200 employees. That would grow a little bit to 12,400 employees in 2009 in this current proposal. In the general fund most of that is related to new police officer positions, and then of course in the enterprise funds we have tried to hit the high points on the proposals there. And really I think in the surprise fund side of thing -- in the enterprise fund side of things, those business heads that run those businesses are just looking to respond to customer demand in various areas. And then we've included here a summary slide to the capital budget. We've tried to touch on the high points of the capital budget. And I think really we've hit most of the enterprise fund highlights in terms of the [00:16:00] capital budget. On the 2006 bonds in the general government category, we actually plan to come back to you in the fall and give you just a really full briefing on where we're at with that bond program. But we're making some good progress. We are in the second full year of appropriations, and we will give you a full briefing early this fall. And then just in terms of a wrap-up, I wanted to say that I have really enjoyed the budget process this year. I think we have made a number of improvements to that process under the city manager's leadership. Our goal was of course to have a lot of communication and discussion with the council, and I think that occurred. And we really tried to

incorporate that in the proposal that you have before you today. We certainly hope it's a better product, and just wanted to really say thank you to everyone for all the work that was put into that. We feel optimistic about the economy just in terms of growth. Of course it will be more moderate, but still a positive thing there. We feel good about the budget proposal that we've delivered to you. The general fund is balanced, it's sound. And as we go forward through 2009 and really looking beyond 2009, we will continue to work to deliver services as efficiently as possible in the future. So thank you. I think our next steps are to go over the calendar. Just in terms of key dates, town lake at the July 24th council meeting, we will be returning to you to set the budget calendar, and I believe as Greg mentioned earlier, Margaret Shaw our [00:18:01] director of neighborhood housing and community development will be doing a budget presentation for you on the Austin Housing Finance Corporation. THEN ON AUGUST SEVEN, 21st And 28 we will continue our budget briefings, and we are going to be doing something a little bit new this year as well. The afternoon briefings will be conducted by our assistant city managers, and they will basically be a high level executive type overview of the service groups that they have under their oversight authority. So that will be a change too. Our goal is to streamline that and really hit the high points. And the key factors and assumptions that went into the budget developments.

In addition to the assistant city manager's providing the executive summary of the departments within their service groups, of course the department heads will be on hand front and center while they're making those presentations so that if council decides that you want to drill down into some detail, the department heads will be there to support that conversation.

And then we will also be conducting our six p.m. Budget hearings as usual as well as discussing and voting on the tax rate and conducting those tax rate hearings as we are required to do by state law. And I believe the next page just continues that calendar on August the 28th we would be looking at all of our general fund departments. And then the budget approval readings are scheduled for the eighth. And if needed on the ninth AND THE 10th. And then a final wrap-up slide, we closed with this throughout the spring and just want to put it up here to remind everybody that you [00:20:00] can go to the city's web page to either submit questions that you might have about the budget or to look at the questions that the city council has asked us. All of that will be posted there. And as we do respond to the questions that you put to us throughout the deliberation process, we will send those to you via e-mail as well. So thank you.

Mayor, that concludes our presentation to you and the council. I would only conclude by indicating a couple of things that were in my transmittal letter to you. You've heard the story about the adequacy probably better said increasingly inadequacy of our revenue base. And of course the things that we do and the things that we require to do them aren't getting any cheaper. We're going to continue to see increasing costs. So I say that to tell you that at some point in the not too distant future we will need to engage in a discussion with you and with citizens about the adequacy of our current revenue policy. Having said that, though, to underscore Leslie's comments, we do remain optimistic. Notwithstanding the fact like any other city, we have our range of challenges, but I do believe that, as I said in my letter, that we have much more in the way of opportunities and our future really is as bright as we want to make it. I think it's just up to us. So thank you very much.



Mayor Wynn: Thank you. I'll just remind everybody, so two weeks from tomorrow we will start these public hearings as leslie pointed out. As greg mentioned earlier, this document, the substantially detailed document is also given to us but is also available online as of this morning, I guess, [00:22:01] to the public, and we're putting hard copies in the library. The format that the council has had a tradition of is that as we send in questions electronically via e-mail to the budget office and then we as councilmembers get to see everybody's questions and most importantly really the answers from budget staff, and that begins sort of immediately and continues through the next six weeks or so, in all of those questions and answers are also available to the public online. I guess hopefully through the city's website. The public can tan in and i encourage advocates for different pieces of this big puzzle to take advantage of that and see the questions that are being answered and help us come up with some additional questions on how we can get more information out to the public. If I remember correctly, based on the change of state law just a year or two ago, smith, leslie, so it seems sort of awkward, but technically we will be voting on our maximum tax rate at our very first public hearing. And the way the state law was changed a couple of years ago is we essentially have to declare at what tax rate we won't go above. And that gives us the ability over the course of our final budget approval process that second week in september to in theory lower it. But it's sort of -- it's state mandated, sort of an awkward way to do, but just know there will be a public vote on a tax rate not to be exceeded very early in this process while we still drill down through details and get more information to our citizens and back and forth with staff. So other comments about the schedule, the format? [00:24:00] Councilmember leffingwell.

Leffingwell: Just to follow up on the vote on the tax rate not to be exceeded, it's my understanding we only have to do that because we're exceeding -- I don't know if this is working either. Test. Got it now. We only have to do that because we're exceeding the effective tax rate, correct? If we were not exceeding the effective tax rate, we would not have to go through that process. And I didn't hear what the effective tax rate is on this revenue projection.

The effective tax rate on the projections we have now is 37.80, but that does not include the penny we would have added for debt service. It would have been 38.80. But the calculated effective tax be rate is 37.80.

And the difference that extra two cents is debt service.

The extra penny.

Leffingwell: Okay. And then kind of a general question. What we have with now is the second iteration of a preliminary estimated tax roll, right?

Yes, sir.

Leffingwell: So we'll get one more?

You will get the final iteration, the final certified and in fact in advance of that vote to set the maximum tax rate, you will have all that final information before you. And most likely the tax rate is different than

what we propose today because of the calculations.

Leffingwell: We've already seen a fairly significant change between the first and this one. And so my question is what is the plan of action if the final rate is more or less, which it probably will be different from what we have right now?

Yeah. I don't think we'll hit it right on the nose. I don't know if that's ever happened. We certainly -- councilmember, there will be a difference in the tax rate and also the property tax revenue. We certainly hope that we've hit it good enough so the variance will be minimal. If it's positive, there will be some additional funds [00:26:00] available. If it's negative, we'll have to look at looking at back at our savings to see where we can make up --

Leffingwell: Are you going to come back with recommendations for reallocation if there are additional funds, for example?

We will come back with a recommendation. I'm not certain that it will be necessarily to suspend any surplus if we should be so fortunate, particularly in light of the forecast and what may be our situation next year.

Leffingwell: I just want to make sure we are going to have a chance to address that issue should there be a little bit -- because I think the most troubling aspect of it that I've seen so far is this eight percent allocated to preventive street maintenance. And I believe I remember direct correctly that we always -- we strive to reach a target of 10 percent, that being the magic number. If we're not doing 10 percent we'll start getting further and further behind. The last two years we were at nine percent and then nine and a half% and now we're taking this giant leave back be wars. I would really like to look for opportunities to close that gap, hopefully to 10 percent or at least to what we were last year. And just one quick comment. This is not a very significant amount of money, 150,000 additional reimbursement for overtime, a.p.d. overtime. Who pays that?

Who pays that are the groups that use off duty officers for their events, whether it's a downtown event, races, the things that happen in downtown areas as well as other areas. So there will be -- again, it's been about four years since we've increased the cost of that. So this will help recover the cost of those police officers.

Leffingwell: That's what I thought. That's good. I've got some more questions, but I'll submit them online.

Mayor Wynn: Thanks. Again, comments or questions about our timing format? Mayor pro tem.  
[00:28:00]

McCracken: I want to congratulate the city manager and your whole team on an excellent job. It's a great presentation and a challenging environment and we're really proud of the job y'all have done. Thank you.

Mayor Wynn: Well said. Councilmember cole and then morrison.

Cole: I just had a quick question. I understood the format of staying below the expected highest number, and so we have to set that on august 7th. Do you know what the projected nominal tax rate is?

We would stay at -- currently right now the nominal tax rate would be above the rollback tax rate. Our nominal tax rate would be 40.34. Our current projected roll back is 40.28. So roll back again is below nominal. We would expect again once we get our final certified roll, we would hope that the 40.28 more or less holds. If anything it might go down a little bit. But we'll assess that. I don't anticipate us going 34, but we'll have to see what the numbers present themselves.

Cole: And the other question that I don't want to just submit because i think it's important to the general public. I remember even year before last we had this big issue about internal controls because we had issues at the convention center and we might have issues in other departments. And I know that we've proposed a lot of vacancies in not hiring. And I wonder if you could give the council any sense for what that will or will not do in terms of internal controls for the various departments?

We've looked be at that carefully during the budget process, and I actually mentioned it a little bit when we talked about support services in the area of financial services, for example, legal services. We really tried to keep those additional investments in the budget, and I don't believe any of those were reduced. Now, we also made some investments throughout the departments and when the department heads came [00:30:01] forward with their savings plans, greg and I actually noted when we looked at those that those were not some of the things that they proposed for elimination. So they felt that that was important as well. And I believe most of those have been preserved.

Cole: Okay. Thank you.

Mayor Wynn: Councilmember morrison. Morgellans I just want to add my -- I want to add my thanks to the staff for bringing us up to speed. It was really a great help. As you might guess I will have a whole lot more questions to submit to you, but I appreciate this. The questions will be available for the public to view online, but also the public can submit questions?

Absolutely.

Morrison: thank you.

Mayor Wynn: Councilmember martinez.

Martinez: I have a litany of questions, but they will all come online. I did want to ask one question specifically about an item that I didn't hear mentioned or see in this proposal and that would be whether or not we were able to identify fund to go begin the hispanic quality of life report. And if so, where would that be in the budget?

To begin that process of doing the evaluation of that, we're going to use existing resources within the departments, being led by the city manager's to do the assessment. And once that assessment is done I know staff will come back with recommendations on how to move forward on both implementation and then final funding of whatever results of that process will be, including bringing on a consultant to help with that effort as we've done with similar efforts before.

Martinez: Thanks.

Mayor Wynn: Again, further comments, questions? Councilmember shade. what's the estimation for population growth. Like the police where it's based on two per thousand. What are you projecting our [00:32:00] population growth to be through this whole --

we project an additional 24 officers. If I was d my my math --

shade: 12,000.

We work with the city demographer who gets information from the annual census updates. And also working with the departments we know how many people we're working with each year when we're doing annexations. So that's about a 12,000 increase. It's an annual effort that we go through to kind of calibrate it. I've seen different numbers for what the population and expectation is. That's why I was asking.

McCracken: Mayor, you seem to know that pretty well.

Mayor Wynn: I want to says that a reminder to all of us as citizens, it seems like a luxury, but having a city demographer like ryan is a remarkable asset. Budget staff works closely with him, our planning staff does as well. I'd encourage folks to get to know ryan and the resources that he has. Much of that is available online as well. We have between his intellect and then the gis assets that we have on the staff, it's remarkable stuff. You can drill down quickly to look at population trends and geographic trends within that. And so I'd encourage folks to utilize that resource. It's remarkable. It really does help us i think do a better job with with our planning and our budgetary work.

He is a great asset and a great thinker for the city.

Mayor Wynn: Again, we look forward to beginning sort of the more formal process two weeks from tomorrow. And of course we have our normal scheduled thursday city council meeting tomorrow at 10:00 a.m. So thank you all very much. With no objections, we now stand adjourned.

## **End of Council Session Closed Caption Log**